



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285
DAVE GOETZ
COMMISSIONER**

**FOR IMMEDIATE RELEASE
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June Revenues

Nashville – On an accrual basis June is the eleventh month in the 2002-2003 fiscal year. Department of Revenue tax collections were \$859.1 million. The collections include new revenue collected under the Tax Reform Act of 2002.

June revenues were \$2.4 million less than the budgeted estimates, Finance and Administration Commissioner Dave Goetz announced today. The general fund had a \$3.6 million undercollection and the four other funds overcollected by \$1.2 million.

Sales tax collections were \$11.3 million more than the estimate. Adjusted for the rate change and the single article cap, sales tax collections increased by 3.67 percent for the month. For August through June the adjusted growth is 1.63 percent.

Franchise and excise taxes combined were \$183 million for the month. Collections were \$33.6 million more than the budgeted estimate. For eleven months revenues were \$53.3 million overcollected. The overcollection in June is offset by an estimated \$18 million one-time adjustment in quarterly payments. The net overcollection is approximately \$15.6 million in June and \$35.3 million for eleven months.

Gasoline taxes and motor vehicle registrations in June were \$1.1 million more than the budgeted estimate of \$89.4 million.

Business tax collections in June were \$43.4 million less than the budgeted estimate of \$77.3 million. For eleven months the undercollection is \$54.7 million. The rate increase included in the Tax Reform Act of 2002 did not generate a full year's apportionment for the state in the current fiscal year.

Inheritance tax collections for eleven months are overstated by approximately \$7.2 million. The final accrual adjustment should reduce actual collections by that amount or more.

Year-to-date collections for eleven months are \$15.8 million less than the budgeted estimate. The general fund has an undercollection of \$14.8 million and the four other funds are undercollected by \$1.0 million. The general fund shortfall adjusted for the one-time collection in franchise and excise tax payments and the inheritance tax accrual is \$40 million.

The budgeted revenue estimates are based upon the State Funding Board's consensus recommendation adopted by the second session of the 102nd General Assembly in June of 2002.

<p align="center">REVENUE COLLECTIONS</p> <p align="center">JUNE, 2003, AND 11 MONTHS YEAR-TO-DATE</p>
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June Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$733,785,000	\$730,199,000	(\$3,586,000)
Highway Fund	53,215,000	52,802,000	(413,000)
Sinking Fund	19,038,000	19,132,000	94,000
City & County Fund	52,943,000	54,349,000	1,406,000
Earmarked Fund	2,439,000	2,579,000	140,000
Total	\$861,420,000	\$859,061,000	(\$2,359,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$6,417,439,000	\$6,402,615,000	(\$14,824,000)
Highway Fund	558,866,000	561,875,000	3,009,000
Sinking Fund	208,685,000	208,851,000	166,000
City & County Fund	607,446,000	603,244,000	(4,202,000)
Earmarked Fund	28,542,000	28,575,000	33,000
Total	\$7,820,978,000	\$7,805,160,000	(\$15,818,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	June		Change	Percent
	2002	2003		
Franchise & Excise	\$137,047,000	\$183,032,000	\$45,985,000	33.55%
Income	2,537,000	2,018,000	-519,000	-20.46%
Inheritance & Estate	7,606,000	6,032,000	-1,574,000	-20.69%
Gasoline	54,280,000	55,025,000	745,000	1.37%
Petroleum Special	5,170,000	5,483,000	313,000	6.05%
Tobacco	8,051,000	10,677,000	2,626,000	32.62%
Beer	1,400,000	1,659,000	259,000	18.50%
Motor Vehicle Registration	22,081,000	19,741,000	-2,340,000	-10.60%
Motor Vehicle Title	911,000	974,000	63,000	6.92%
Mixed Drink	3,133,000	3,555,000	422,000	13.47%
Business	16,640,000	33,838,000	17,198,000	103.35%
Privilege	24,190,000	37,680,000	13,490,000	55.77%
Gross Receipts	190,000	39,000	-151,000	-79.47%
TVA - In Lieu of Tax Payments	16,544,000	16,407,000	-137,000	-0.83%
Alcoholic Beverage	2,897,000	3,299,000	402,000	13.88%
Sales and Use	391,483,000	469,216,000	77,733,000	19.86%
Motor Vehicle Fuel	10,471,000	10,297,000	-174,000	-1.66%
Severance	94,000	86,000	-8,000	-8.51%
Coin-operated Amusement	0	3,000	3,000	-
Total	\$704,725,000	\$859,061,000	\$154,336,000	21.90%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - June		Change	Percent
	2001-2002	2002-2003		
Franchise & Excise	\$898,623,000	\$1,032,730,000	\$134,107,000	14.92%
Income	144,745,000	115,806,000	-28,939,000	-19.99%
Inheritance & Estate	90,522,000	78,507,000	-12,015,000	-13.27%
Gasoline	526,614,000	548,415,000	21,801,000	4.14%
Petroleum Special	56,267,000	55,450,000	-817,000	-1.45%
Tobacco	76,015,000	104,168,000	28,153,000	37.04%
Beer	14,551,000	16,311,000	1,760,000	12.10%
Motor Vehicle Registration	204,438,000	209,524,000	5,086,000	2.49%
Motor Vehicle Title	9,717,000	9,937,000	220,000	2.26%
Mixed Drink	32,811,000	35,277,000	2,466,000	7.52%
Business	20,609,000	38,257,000	17,648,000	85.63%
Privilege	189,435,000	225,973,000	36,538,000	19.29%
Gross Receipts	16,500,000	10,901,000	-5,599,000	-33.93%
TVA - In Lieu of Tax Payments	183,340,000	182,231,000	-1,109,000	-0.60%
Alcoholic Beverage	28,142,000	31,701,000	3,559,000	12.65%
Sales and Use	4,243,553,000	4,968,133,000	724,580,000	17.07%
Motor Vehicle Fuel	135,903,000	140,404,000	4,501,000	3.31%
Severance	1,015,000	993,000	-22,000	-2.17%
Coin-operated Amusement	12,000	442,000	430,000	-
Total	\$6,872,812,000	\$7,805,160,000	\$932,348,000	13.57%

Table 3
August - June Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ 23,100,000	\$ 1,100,000	\$ 24,200,000
Income Tax	(22,700,000)	(12,300,000)	(35,000,000)
Inheritance Tax	(7,400,000)	0	(7,400,000)
Privilege Tax	7,000,000	0	7,000,000
Business Tax	(54,700,000)	0	(54,700,000)
TVA	(3,200,000)	(2,100,000)	(5,300,000)
Gross Receipts	(6,300,000)	0	(6,300,000)
Gasoline & Motor Vehicle Registration	(1,600,000)	11,500,000	9,900,000
Other Taxes	(2,300,000)	800,000	(1,500,000)
Sub-Total	\$ (68,100,000)	\$ (1,000,000)	\$ (69,100,000)
F & E Taxes	53,300,000	0	53,300,000
Total	\$ (14,800,000)	\$ (1,000,000)	\$ (15,800,000)